

AMENDED IN ASSEMBLY AUGUST 8, 2006
AMENDED IN ASSEMBLY JUNE 22, 2006
AMENDED IN ASSEMBLY JUNE 8, 2006
AMENDED IN ASSEMBLY APRIL 24, 2006
AMENDED IN ASSEMBLY FEBRUARY 14, 2006
AMENDED IN ASSEMBLY JUNE 22, 2005
AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 503

Introduced by Senator Figueroa

February 18, 2005

~~An act to add Section 14133.231 to the Welfare and Institutions Code, relating to Medi-Cal. An act to amend Sections 5076 and 5134 of the Business and Professions Code, relating to accountants, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 503, as amended, Figueroa. ~~Medi-Cal: drug benefits. Accountants: peer review: fees.~~

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy, in the Department of Consumer Affairs. Existing law requires a firm that provides attest services, as defined, other than a sole proprietor or a small firm, to meet specified peer review requirements prior to the first registration expiration date after July 1, 2008. Existing law requires the board to review whether to implement the peer review program in light of changes in federal and state law or regulations or

professional standards, and to report its findings to the Legislature by September 1, 2005. Existing law sets specified fees to be charged by the board.

This bill would require a firm that provides attest services to meet the peer review requirements within 3 years of the commencement of the peer review program, rather than prior to the first registration expiration date after July 1, 2008. The bill would revise the board's review and reporting requirement to instead require the board to review and evaluate whether to implement the program and to report its findings and recommendations to the Legislature and the department no later than September 1, 2011. The bill would require the board, if it determines that the peer review program should be implemented, to identify the resources necessary for implementation and recommend a date for commencement of the program. The bill would revise the fees to be charged by the board.

Because this bill may increase fees deposited into the Accountancy Fund, a continuously appropriated fund, it would make an appropriation.

This bill would incorporate additional changes in Section 5134 of the Business and Professions Code proposed by AB 1868, to be operative only if AB 1868 and this bill are both chaptered and become effective on or before January 1, 2007, each bill amends Section 5134 of the Business and Professions Code, and this bill is chaptered last.

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits, including prescription drug benefits.~~

~~Existing law provides for the federal Medicare Program, which provides health care benefits, including prescription drug benefits, to persons 65 years of age and older and other specified persons. Under the Medicare Program, prescription drug benefits are obtained through enrollment in a prescription drug plan offered under the program. Existing law requires Medicare-eligible persons who are also eligible for Medi-Cal prescription drug benefits to obtain those benefits through a prescription drug plan under the Medicare Program, except as specified.~~

~~Existing law requires the department, through February 15, 2006, and only to the extent that funds are appropriated for this purpose, to provide drug benefits, when any of specified conditions exists, to a Medicare-eligible person who is also eligible for Medi-Cal~~

prescription drug benefits and who is not able to obtain drug benefits from his or her prescription drug plan under the Medicare Program. Existing law allows the Governor, after that date, and upon notice to the Joint Legislative Budget Committee, to extend coverage for those drug benefits for coverage periods of up to 30 days each, but in no event beyond May 16, 2006.

Existing law requires the department, beginning May 17, 2006, and ending January 31, 2007, and only to the extent that funds are appropriated for this purpose, to provide emergency drug benefits to a Medicare-eligible person who is also eligible for Medi-Cal prescription drug benefits but is unable to obtain drug benefits from his or her Medicare Drug Plan only when one or more of certain conditions are met.

This bill would, commencing January 1, 2007, authorize the department to provide payments to pharmacies to cover the costs of Medicare Drug Plan copayments for a Medicare-eligible person who is also eligible for Medi-Cal prescription drug benefits if specified conditions are met. One of these conditions is that a pharmacy submit a claim that includes a certification, under penalty of perjury, that all of the other conditions exist.

By expanding the crime of perjury, the bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: ~~yes~~ no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5076 of the Business and Professions
2 Code is amended to read:

3 5076. (a) In order to renew its registration, a firm providing
4 attest services, other than a sole proprietor or a small firm as
5 defined in Section 5000, shall complete a peer review prior to the
6 first registration expiration date after July 1, 2008, within three

1 *years of the commencement of the peer review program* and no
2 less frequently than every three years thereafter.

3 (b) For purposes of this article, the following definitions
4 apply:

5 (1) “Peer review” means a study, appraisal, or review
6 conducted in accordance with professional standards of the
7 professional work of a licensee or registered firm by another
8 licensee unaffiliated with the licensee or registered firm being
9 reviewed. The peer review shall include, but not be limited to, a
10 review of at least one attest engagement representing the highest
11 level of service performed by the firm and may include an
12 evaluation of other factors in accordance with requirements
13 specified by the board in regulations.

14 (2) “Attest services” include an audit, a review of financial
15 statements, or an examination of prospective financial
16 information, provided, however, “attest services” shall not
17 include the issuance of compiled financial statements.

18 (c) The board shall adopt regulations as necessary to
19 implement, interpret, and make specific the peer review
20 requirements in this section, including, but not limited to,
21 regulations specifying the requirements for the approval of peer
22 review providers, and regulations establishing a peer review
23 oversight committee.

24 (d) The board shall review *and evaluate* whether to implement
25 the program specified in this section ~~in light of the changes in~~
26 ~~federal and state law or regulations or professional standards,~~ and
27 shall report its findings *and recommendations* to the Legislature
28 and the department ~~by September 1, 2005~~ *no later than*
29 *September 1, 2011. If the board determines that the program*
30 *specified in this section should be implemented, the board shall*
31 *identify the resources necessary for implementation and*
32 *recommend a date when the program shall commence.*

33 SEC. 2. Section 5134 of the Business and Professions Code is
34 amended to read:

35 5134. The amount of fees prescribed by this chapter is as
36 follows:

37 (a) The fee to be charged to each applicant for the certified
38 public accountant examination shall be fixed by the board at an
39 amount ~~to equal the actual cost to the board of the purchase or~~
40 ~~development of the examination, plus the estimated cost to the~~

1 ~~board of administering the examination and shall not to exceed~~
2 ~~six hundred dollars (\$600). The board may charge a~~
3 ~~reexamination fee equal to the actual cost to the board of the~~
4 ~~purchase or development of the examination or any of its~~
5 ~~component parts, plus the estimated cost to the board of~~
6 ~~administering the examination and not to exceed seventy-five~~
7 ~~dollars (\$75) for each part that is subject to reexamination.~~

8 (b) The fee to be charged to out-of-state candidates for the
9 certified public accountant examination shall be fixed by the
10 board at an amount ~~equal to the estimated cost to the board of~~
11 ~~administering the examination and shall not to exceed six~~
12 ~~hundred dollars (\$600) per candidate.~~

13 (c) The application fee to be charged to each applicant for
14 issuance of a certified public accountant certificate shall be fixed
15 by the board at an amount ~~equal to the estimated administrative~~
16 ~~cost to the board of processing and issuing the certificate and~~
17 ~~shall not to exceed two hundred fifty dollars (\$250).~~

18 (d) The application fee to be charged to each applicant for
19 issuance of a certified public accountant certificate by waiver of
20 examination shall be fixed by the board at an amount ~~equal to the~~
21 ~~estimated administrative cost to the board of processing and~~
22 ~~issuing the certificate and shall not to exceed two hundred fifty~~
23 ~~dollars (\$250).~~

24 (e) The fee to be charged to each applicant for registration as a
25 partnership or professional corporation shall be fixed by the
26 board at an amount ~~equal to the estimated administrative cost to~~
27 ~~the board of processing and issuing the registration and shall not~~
28 ~~to exceed two hundred fifty dollars (\$250).~~

29 (f) The board shall fix the biennial renewal fee so that,
30 together with the estimated amount from revenue other than that
31 generated by subdivisions (a) to (e), inclusive, the reserve
32 balance in the board's contingent fund shall be equal to
33 approximately nine months of annual authorized expenditures.
34 Any increase in the renewal fee ~~made after July 1, 1990,~~ shall be
35 *effective made by regulation* upon a determination by the board;
36 ~~by regulation adopted pursuant to subdivision (k);~~ that additional
37 moneys are required to fund authorized expenditures ~~other than~~
38 ~~those specified in subdivisions (a) to (e), inclusive;~~ and maintain
39 the board's contingent fund reserve balance equal to nine months
40 of estimated annual authorized expenditures in the fiscal year in

1 which the expenditures will occur. The biennial fee for the
2 renewal of each of the permits to engage in the practice of public
3 accountancy specified in Section 5070 shall not exceed two
4 hundred fifty dollars (\$250).

5 (g) The delinquency fee shall be 50 percent of the accrued
6 renewal fee.

7 (h) The initial permit fee is an amount equal to the renewal fee
8 in effect on the last regular renewal date before the date on which
9 the permit is issued, except that, if the permit is issued one year
10 or less before it will expire, then the initial permit fee is an
11 amount equal to 50 percent of the renewal fee in effect on the last
12 regular renewal date before the date on which the permit is
13 issued. The board may, by regulation, provide for the waiver or
14 refund of the initial permit fee where the permit is issued less
15 than 45 days before the date on which it will expire.

16 (i) *(1)* On and after January 1, ~~2006~~ 2007, the annual fee to be
17 charged an individual for a practice privilege pursuant to Section
18 5096 *with an authorization to sign attest reports* shall be fixed by
19 the board at an amount not to exceed ~~50 percent of the biennial~~
20 ~~renewal fee provided in subdivision (f)~~ *one hundred twenty-five*
21 *dollars (\$125).*

22 *(2)* On and after January 1, 2007, the annual fee to be charged
23 an individual for a practice privilege pursuant to Section 5096
24 *without an authorization to sign attest reports* shall be fixed by
25 the board at an amount not to exceed 80 percent of the fee
26 authorized under paragraph (1).

27 (j) The fee to be charged for the certification of documents
28 evidencing passage of the certified public accountant
29 examination, the certification of documents evidencing the
30 grades received on the certified public accountant examination,
31 or the certification of documents evidencing licensure shall be
32 twenty-five dollars (\$25).

33 ~~(k) The actual and estimated costs referred to in this section~~
34 ~~shall be calculated every two years using a survey of all costs~~
35 ~~attributable to the applicable subdivision.~~

36 ~~(l) Upon the effective date of this section the board shall fix~~
37 ~~the fees in accordance with the limits of this section and, on and~~
38 ~~after July 1, 1990, any increase in any a fee fixed by the board~~
39 ~~shall be pursuant to regulation duly adopted by the board in~~
40 ~~accordance with the limits of this section.~~

1 ~~(m) Fees collected pursuant to subdivisions (a) to (e);~~
2 ~~inclusive, shall be fixed by the board in amounts necessary to~~
3 ~~recover the actual costs of providing the service for which the fee~~
4 ~~is assessed, as projected for the fiscal year commencing on the~~
5 ~~date the fees become effective.~~

6 *(l)* It is the intent of the Legislature that, to ease entry into the
7 public accounting profession in California, any administrative
8 cost to the board related to the certified public accountant
9 examination or issuance of the certified public accountant
10 certificate that exceeds the maximum fees authorized by this
11 section shall be covered by the fees charged for the biennial
12 renewal of the permit to practice.

13 *SEC. 3. Section 5134 of the Business and Professions Code is*
14 *amended to read:*

15 5134. The amount of fees prescribed by this chapter is as
16 follows:

17 (a) The fee to be charged to each applicant for the certified
18 public accountant examination shall be fixed by the board at an
19 amount ~~to equal the actual cost to the board of the purchase or~~
20 ~~development of the examination, plus the estimated cost to the~~
21 ~~board of administering the examination and shall not to exceed~~
22 ~~six hundred dollars (\$600). The board may charge a~~
23 ~~reexamination fee equal to the actual cost to the board of the~~
24 ~~purchase or development of the examination or any of its~~
25 ~~component parts, plus the estimated cost to the board of~~
26 ~~administering the examination and not to exceed seventy-five~~
27 ~~dollars (\$75) for each part that is subject to reexamination.~~

28 (b) The fee to be charged to out-of-state candidates for the
29 certified public accountant examination shall be fixed by the
30 board at an amount ~~equal to the estimated cost to the board of~~
31 ~~administering the examination and shall not to exceed six~~
32 ~~hundred dollars (\$600) per candidate.~~

33 (c) The application fee to be charged to each applicant for
34 issuance of a certified public accountant certificate shall be fixed
35 by the board at an amount ~~equal to the estimated administrative~~
36 ~~cost to the board of processing and issuing the certificate and~~
37 ~~shall not to exceed two hundred fifty dollars (\$250).~~

38 (d) The application fee to be charged to each applicant for
39 issuance of a certified public accountant certificate by waiver of
40 examination shall be fixed by the board at an amount ~~equal to the~~

1 ~~estimated administrative cost to the board of processing and~~
2 ~~issuing the certificate and shall not to exceed two hundred fifty~~
3 ~~dollars (\$250).~~

4 (e) The fee to be charged to each applicant for registration as a
5 partnership or professional corporation shall be fixed by the
6 board at an amount ~~equal to the estimated administrative cost to~~
7 ~~the board of processing and issuing the registration and shall not~~
8 ~~to exceed two hundred fifty dollars (\$250).~~

9 (f) The board shall fix the biennial renewal fee so that,
10 together with the estimated amount from revenue other than that
11 generated by subdivisions (a) to (e), inclusive, the reserve
12 balance in the board's contingent fund shall be equal to
13 approximately nine months of annual authorized expenditures.
14 Any increase in the renewal fee ~~made after July 1, 1990,~~ shall be
15 *effective made by regulation* upon a determination by the board;
16 ~~by regulation adopted pursuant to subdivision (k);~~ that additional
17 moneys are required to fund authorized expenditures ~~other than~~
18 ~~those specified in subdivisions (a) to (e), inclusive,~~ and maintain
19 the board's contingent fund reserve balance equal to nine months
20 of estimated annual authorized expenditures in the fiscal year in
21 which the expenditures will occur. The biennial fee for the
22 renewal of each of the permits to engage in the practice of public
23 accountancy specified in Section 5070 shall not exceed two
24 hundred fifty dollars (\$250).

25 (g) The delinquency fee shall be 50 percent of the accrued
26 renewal fee.

27 (h) The initial permit fee is an amount equal to the renewal fee
28 in effect on the last regular renewal date before the date on which
29 the permit is issued, except that, if the permit is issued one year
30 or less before it will expire, then the initial permit fee is an
31 amount equal to 50 percent of the renewal fee in effect on the last
32 regular renewal date before the date on which the permit is
33 issued. The board may, by regulation, provide for the waiver or
34 refund of the initial permit fee where the permit is issued less
35 than 45 days before the date on which it will expire.

36 (i) ~~(1) On and after January 1, 2006 the enactment of~~
37 *Assembly Bill 1868 of the 2005-06 Regular Session,* the annual
38 fee to be charged an individual for a practice privilege pursuant
39 to Section 5096 *with an authorization to sign attest reports* shall
40 be fixed by the board at an amount not to exceed ~~50 percent of~~

~~the biennial renewal fee provided in subdivision (f) one hundred twenty-five dollars (\$125).~~

(2) On and after enactment of Assembly Bill 1868 of the 2005-06 Regular Session, the annual fee to be charged an individual for a practice privilege pursuant to Section 5096 without an authorization to sign attest reports shall be fixed by the board at an amount not to exceed 80 percent of the fee authorized under paragraph (1).

(j) The fee to be charged for the certification of documents evidencing passage of the certified public accountant examination, the certification of documents evidencing the grades received on the certified public accountant examination, or the certification of documents evidencing licensure shall be twenty-five dollars (\$25).

~~(k) The actual and estimated costs referred to in this section shall be calculated every two years using a survey of all costs attributable to the applicable subdivision.~~

~~(l) Upon the effective date of this section the board shall fix the fees in accordance with the limits of this section and, on and after July 1, 1990, any increase in any a fee fixed by the board shall be pursuant to regulation duly adopted by the board in accordance with the limits of this section.~~

~~(m) Fees collected pursuant to subdivisions (a) to (e), inclusive, shall be fixed by the board in amounts necessary to recover the actual costs of providing the service for which the fee is assessed, as projected for the fiscal year commencing on the date the fees become effective.~~

(l) It is the intent of the Legislature that, to ease entry into the public accounting profession in California, any administrative cost to the board related to the certified public accountant examination or issuance of the certified public accountant certificate that exceeds the maximum fees authorized by this section shall be covered by the fees charged for the biennial renewal of the permit to practice.

SEC. 4. Section 3 of this bill incorporates amendments to Section 5134 of the Business and Professions Code proposed by this bill and AB 1868. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 5134 of the Business and Professions Code, and (3) this bill is enacted after AB 1868, in

1 *which case Section 5134 of the Business and Professions Code,*
2 *as amended by AB 1868, shall remain operative only until the*
3 *operative date of this bill, at which time Section 3 of this bill*
4 *shall become operative, and Section 2 of this bill shall not*
5 *become operative.*

6 ~~SECTION 1. Section 14133.231 is added to the Welfare and~~
7 ~~Institutions Code, to read:~~

8 ~~14133.231. (a) Beginning January 1, 2007, the department~~
9 ~~shall pay all copayments required by drug plans under Part D of~~
10 ~~Title XVIII of the Social Security Act (42 U.S.C. Sec.~~
11 ~~1395w-101 et seq.) or MA-PD plans under Part C of Title XVIII~~
12 ~~of the Social Security Act (42 U.S.C. Sec. 1395w-21 et seq.) for~~
13 ~~generic or brand name medications for a full-benefit dual eligible~~
14 ~~beneficiary, as defined in paragraph (1) of subdivision (h) of~~
15 ~~Section 14133.23, if all of the following conditions are met:~~

16 ~~(1) Copayments for prescriptions are no greater than the~~
17 ~~amounts permitted under the Medicare Modernization Act of~~
18 ~~2003.~~

19 ~~(2) Payments are made on behalf of the full-benefit dual~~
20 ~~eligible beneficiary to the pharmacy which dispenses the~~
21 ~~medication.~~

22 ~~(3) The pharmacy is an enrolled provider in the Medi-Cal~~
23 ~~program.~~

24 ~~(4) The prescription drug plan in which the full-benefit dual~~
25 ~~eligible beneficiary is enrolled has not waived, limited, or~~
26 ~~otherwise reduced the required copayments.~~

27 ~~(5) The full-benefit dual eligible beneficiary for which a claim~~
28 ~~is filed shall not have reached the catastrophic coverage threshold~~
29 ~~of five thousand one hundred fifty dollars (\$5,150) per year as~~
30 ~~described in the Medicare Modernization Act of 2003.~~

31 ~~(6) To obtain reimbursement from the department a pharmacy~~
32 ~~shall submit a claim and certify on that claim under penalty of~~
33 ~~perjury, that the above conditions exist.~~

34 ~~(b) The department shall develop a process that would allow~~
35 ~~the department to reimbursement Medi-Cal enrolled pharmacies~~
36 ~~for the cost of copayments on behalf of full-benefit dual eligible~~
37 ~~beneficiaries.~~

38 ~~(c) Any copayments for prescription drugs made available to~~
39 ~~full-benefit dual eligible beneficiaries under the authority of this~~
40 ~~section shall not be deemed to be an entitlement.~~

1 ~~SEC. 2. No reimbursement is required by this act pursuant to~~
2 ~~Section 6 of Article XIII B of the California Constitution because~~
3 ~~the only costs that may be incurred by a local agency or school~~
4 ~~district will be incurred because this act creates a new crime or~~
5 ~~infraction, eliminates a crime or infraction, or changes the~~
6 ~~penalty for a crime or infraction, within the meaning of Section~~
7 ~~17556 of the Government Code, or changes the definition of a~~
8 ~~crime within the meaning of Section 6 of Article XIII B of the~~
9 ~~California Constitution.~~

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